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FEASIBILITY STUDY
REPORT #6

BOSTON REDEVELOPMENT AUTHORITY

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FEASIBILITY STUDY
for
PROTOTYPE PLANS
for a
MULTI-STORY MANUFACTURING PLANT
in the
SOUTH END URBAN RENEWAL AREA
for the
BOSTON REDEVELOPMENT AUTHORITY

W. CHESTER BROWNE AND ASSOCIATES, INC.

122-128 Arlington Street

Boston, Massachusetts

April 12, 1966

REPORT NO. 6



Aug 12, 1968

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Although the general concept of an urban industrial park appears sound, in practicality it does not prove feasible. Despite the numerous benefits and advantages in making prime industrial space available in a downtown location, the one insurmountable barrier is the economic feasibility.

A separate section of this report analyzes the project cost factors and the income and expense factors, with full explanation of how they are developed. This section summarizes the combined conclusions of all the analyses and interviews.

LOCATION

There is general agreement that a downtown location is desirable. The proximity to the labor market, the accessibility to mass transportation and to major traffic arteries, the central location for ease of distribution to all points in the metropolitan area, combine to create high demand for such a location. The desirability of these factors in combination, however, is not sufficiently unique to justify considerably higher costs and correspondingly higher rents.

Accessibility to mass transportation is provided today in many locations in the Boston area. Boston is fortunate in having one of the best rapid transit facilities in the country, so that there are numerous suburban or semi-suburban areas served by rapid transit and, therefore, can offer the same proximity to the labor market. Already underway is a vast expansion of the rapid transit facilities, carrying high speed mass transportation to at least three additional locations along Route 128. This was made possible by the reorganization of the MTA into the Massachusetts Bay Transportation Authority. With these additional facilities and with the broader based financial support of 78 communities, there cannot fail to be made available additional competitive industrial sites.

Boston is also unique in having constructed its circumferential highway first. All other major U. S. cities constructed the arterial highways first. But Boston, by starting with Route 128, created industrial and distribution locations that were equally accessible by highway to all sections of the Greater Boston area. As the highway program sees more of the arterial highways reaching completion, many additional sites in the greater metropolitan area can provide the accessibility to major highways that is so desirable to industrial and distribution facilities.

COMPETITION

A downtown location becomes highly desirable if the locational factors referred to above are not generally available and therefore limits the competition. For instance, in Los Angeles where locational factors are extremely critical and there is no rapid transit, and where highways are overcrowded and inefficient, the competing locations are extremely widespread and dissipated throughout the metropolitan area. This has inflated the price of good suburban locations unreasonably and depressed the price of industrial locations close to the urban core. Despite the depression of price on these sites and the general availability and the lack of competition, the cost of developing high-rise industrial units is still prohibitive; all of this in a much more favorable competitive atmosphere. For further on this subject, please refer to interview summary with Mr. Daniel Wheeler of Cabot, Cabot & Forbes Co.

In Boston, the competitive factors are double edged. Suburban locations offer as good locational benefits and are competitive or lower in price. Existing urban locations are available at greatly reduced cost, albeit they do not offer the quality of space or the efficiency of operation. They do, however, offer the locational benefits of accessibility to labor markets, arterial highways and rapid transportation.



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The higher costs of new high-rise industrial facilities cannot compete with the larger supply of low cost facilities available in Boston. (Refer to the separate list of comparable facilities available).

BUILDING COST

The prototype design developed by W. Chester Browne and Associates, Inc. appears to be the best and most efficient of its type. The building cost compares favorably with the findings of others who have done surveys of this type. The questions of material handling, vertical transportation, employee densities, floor loadings, and parking ratios are all difficult to solve in multi-tenanted speculative buildings, and therefore cannot be solved to universal satisfaction. General speaking, \$13 per square foot for building cost of this type is as low as could be expected and variations in the above-mentioned factors would only serve to increase the price. This level of construction cost would generate a project cost of \$15 - \$16 per square foot exclusive of land. Immediately, therefore, the rent schedules are non-competitive and the building is priced out of the market. This is without assigning any value to the land. To the extent that the land value is recognized, the pricing is, of course, even that much less competitive.

LAND VALUES

In the Boston metropolitan area in a location of any competitive significance, it is safe to say that there are few locations where land is valued at less than \$4. per square foot and this is being conservative. Therefore, the type of development and the value of the improvements should generate at least \$4. per square foot of residual land value if this is to be a feasible program. However, in the interests of stimulating other economic factors, conceivable a price of say \$2. per square foot might be reconciled in order to encourage a redevelopment program.

Recognizing anything less than this would be pure charity, although well justified in order to provide the economic catalyst to stem blight, stimulate new development and generate higher tax revenue. A \$2. per square foot land value would require a rent at the level of approximately \$3.05 per square foot and this is competitively above the market.

AREA SCHEDULING

It can be clearly documented that it would be extremely difficult to find suitable tenants for this proposed space in any adequate numbers to fully or even partially lease these facilities. There are only a few industries that might be particularly attracted to this location. Warehousing or light manufacturing are the obvious uses for the proposed space, largely because of the experience already demonstrated by competing locations. In each case the high rent structure, the difficulty of handling goods, and the general logistical inaccessibility for both raw materials and/or finished products would weigh heavily in favor of competing locations. Please refer to separate report on interview with Metropolitan Area Planning Commission and the possible interest of the printing trades.

SUMMARY

In general, the conclusions drawn from these studies are that industrial development of this area is not the highest and best use and would be quite difficult to justify in terms of cost and rentability.

OPTIMUM PROJECT COST ANALYSIS

FOR A SINGLE BUILDING

Construction Cost - 144,000 square feet per building	
@ \$13. per square foot	\$1,872,000.
Site Preparation @ \$.10 per square foot	65,000.
Architectural & Engineering Fees - 6% of Construction Cost	112,000.
Interest During Construction - $\frac{\$2,000,000. \times 6\%}{2}$	60,000.
Insurance During Construction	8,000.
Real Estate Taxes During Construction	-----
Sales & Promotion	110,000.
Legal Fees	5,000.
Development Management	35,000.
Financing Commitment	20,000.
Contingency	<u>50,000.</u>
Total Cost	\$2,337,000.
Say	\$2,340,000.

Project Cost Not Including Land - \$16.20 per square foot.

NOTES TO PROJECT COST ANALYSIS

CONSTRUCTION COST

The best estimate to date is \$13. per square foot. However, this was done on the basis of unit costs only and with no allowance for inflationary factors during the time lapse between development of the plans and actual construction. \$13. per square foot is a minimum. A more accurate range might be \$13. - \$15. per square foot.

SITE PREPARATION

This item would include landscaping, paving, storm drains, curbs, gutters, exterior lighting, utility line tie-ins, etc. \$.10 a square foot is reasonable. On the basis that this might be high, we have prepared an alternative schedule using a total cost of \$25,000. for this item.

A & E FEES

This item needs no comment but is standard.

INTEREST DURING CONSTRUCTION

This assumes a construction loan of \$2,000,000. at an interest rate of 6% and a reasonable construction period of one year before takeout by the permanent financing.

INSURANCE DURING CONSTRUCTION

No comment.

REAL ESTATE TAXES DURING CONSTRUCTION

It is assumed that negotiation could take place with the city whereby real estate taxes would be assessed only after completion.

SALES AND PROMOTION

This is based on standard commission rates for the Boston Real Estate Board, assuming that brokerage commissions will have to be paid for the leases negotiated.

LEGAL FEES

This item is designed to cover the cost of preparing leases and other legal documents necessary to both initiate and complete the project.

FINANCING COMMITMENT

A mortgagee might reasonably charge a commitment fee of 1% of the mortgage.

CONTINGENCY

In any project there are expenses that cannot be anticipated in the beginning. This is money that will be spent but at the start it is not known where. A normal contingency factor is 5%. Here we are using only 2%.



MINIMUM PROJECT COST ANALYSIS

FOR A SINGLE BUILDING

Construction Cost - 144,000 square feet	
@ \$13. per square foot	\$1,872,000.
Site Preparation	25,000.
Architectural & Engineering Fees	90,000.
Interest During Construction - $\frac{\$2,000,000. \times 6\%}{2}$	60,000.
Real Estate Taxes	-----
Sales & Promotion	25,000.
Legal Fees	3,000.
Development Management	15,000.
Financing Commitment	-----
Contingency	<u>40,000.</u>
Total Cost	\$2,130,000.

Project Cost Not Including Land - \$14.80 per square foot

OPTIMUM EXPENSE ANALYSIS

Mortgage - \$2,340,000 at 5-3/4% for 20 years -	
8.5 constant	\$190,000.
Operating Cost - heat, power, repairs and maintenance	
at \$1. per square foot	144,000.
Management and Brokerage	20,000.
Taxes @ 23% of gross revenue	<u>75,000.</u>
Total Expenses Not Including Land	\$429,000.
Land Value - \$128,000. x 6% (\$2. per square foot)	<u>7,700.</u>
Proposed Rent - \$3.05 per square foot	<u>\$436,700.</u>

NOTES TO EXPENSE ANALYSIS

MORTGAGE

It is assumed that the developer would be able to obtain a mortgage equivalent to 100% of his project cost with the land providing the equity. This might be the equivalent of 90% conventional financing.

OPERATING COST

Experience indicates that a typical operating cost for this type of building including heat, power, repairs and maintenance is \$1. per square foot. To show the range, however, on the minimum expense analysis we have adjusted this figure to \$.50 a foot.

MANAGEMENT AND BROKERAGE

On any multi-tenanted building there will be a continuing management responsibility and also a continued brokerage responsibility as vacancies occur. This item is based on the standard real estate board rates.

TAXES

It is assumed that the formula developed by the city for new buildings would apply to this project and therefore 23% of gross revenue is used.

VACANCY FACTOR

On a multi-tenanted building, a vacancy factor should be considered. However, because of the nature of this type of facility, it is possible there would be no vacancies, and therefore in the maximum expense analysis we have eliminated this item. It should be pointed out, however, that if the program is not feasible, a much higher vacancy rate may be expected.

LAND VALUES

For the purposes of this analysis, we have assumed land values in a range of \$2. - \$4. per square foot, arbitrarily using for purposes of ground rent a 6% return on the land value as being sufficient. It should be pointed out that the projected rentals do not include anything beyond amortization of the debt and 6% return on the land as inducement to the entrepreneur. It is highly questionable that any developer would find this sufficient inducement to undertake this project.

MAXIMUM EXPENSE ANALYSIS

Mortgage - \$2,130,000. @ 5-3/4% for 20 years, 8.5 constant	\$181,000.
Operating Cost -heat, power, maintenance and repairs	
@ \$1. per square foot	144,000.
Taxes @ 23% gross income	75,000.
Management & Brokerage - 6%	20,000.
Vacancy Factor - 5%	<u>18,000.</u>
Total Expense Not Including Land	\$438,000.
Land Value @ \$240,000. x 6% (\$4. per square foot)	<u>14,400.</u>
Total Including Land	\$452,400.
Proposed Rent - \$3.13 per square foot	

MINIMUM EXPENSE ANALYSIS

Mortgage - \$2,130,000. @ 5-1/2% for 20 years, 8.26 constant	\$175,000.
Operating Costs - heat, power, maintenance @ \$.50	75,000.
Management & Brokerage	20,000.
Taxes @23% Gross	<u>75,000.</u>
Total Expense Not Including Land	\$345,000.
Land Value @ \$240,000. x 6% (\$4. per square foot)	<u>14,400.</u>
Total Including Land	\$359,400.
	Say \$360,000.
Proposed Rent - \$2.50 per square foot	

METROPOLITAN AREA PLANNING COMMISSION

Mr. John Culp, Director of the Metropolitan Area Planning Commission was most helpful in a one hour interview. It was his suggestion that perhaps an industry such as the printing trades would be most attracted by this type of development.

The printing trades by and large require an urban location. Proximity to the market is essential to maintain a competitive position and to give good service. Financial, legal, advertising artwork, reproduction, and other ancillary trades are located downtown and are vital to the printing industry.

The industry is not presently housed as a trade in an identifiable location. Old space is not particularly suited to the carrying out of this business. Efficiency of operation is most important. A number of efficiencies could be gained if as a trade they were to locate in one location. As a trade, also, he felt that they could perhaps pay a higher than normal rent to gain these benefits, and he was not perturbed by the prospect of a \$2.50 per square foot rent. Further investigation with the printing trade did indicate, however, that this would appear to be somewhat higher than printers feel they can now afford.

Mr. Culp seemed to feel that his Area Planning Commission could be most helpful in aiding and abetting an urban industrial park and was anxious to see it started. He felt that economies could be effected by Federal and State subsidies and that a start must be made if Boston is going to make any progress in clearing out its urban industrial blight and replacing the low-cost fully depreciated lofts, warehouses and semi-industrial facilities. This report deals with the project only on a basis of competitive economic feasibility and not a subsidized basis.

The printing trades would be a prime candidate for the South
End Industrial Park and should be explored fully.

DEPARTMENT OF PUBLIC WORKS

An interview with Mr. William Gittens of the Department of Public Works indicated that the DPW would be very much in support of such a development and would give its full co-operation to any developer who would undertake this program.

The street pattern in the area is such that there would be no major traffic difficulties. There is easy access to both Washington Street and Columbus Avenue for inter-neighborhood communication. The proposed Inner Belt will come sufficiently close to provide inter-city communication. The Inner Belt connection to the Central Artery and thence to Route 128 will provide unusual inter-regional communication.

Access to MBTA routes would undoubtedly mean that most employees would come to work via public transportation and therefore auto parking requirements would be minimized. Actually, the parking ratio suggested by the designer is approximately 1 to 1, which would appear to be ample. The Department of Public Works's only concern would be that off-street parking requirements be satisfied.

Off-street loading is provided and trucks making deliveries and pick-ups will find that the site provides easy access and egress.

Generally and specifically, the Department of Public Works would encourage an urban industrial development at this site.

CONDOMINIUMS

In an interview with Mr. Graeme Elliott, partner of Ryan, Elliott & Co., Inc., industrial real estate brokers, several significant suggestions were made that might improve the feasibility.

First, he suggested the possibility of an industrial condominium. In this instance, a user might purchase title to the space he would use within the building. The use of his own capital and the return on that capital might make a higher rent more acceptable, or conversely the acceptance of a lower return on his capital investment might allow a lower rent. The latter situation could be reconciled on the basis that an owner-user might not see the same risk as a real estate developer and therefore would accept a lower return on his investment. He also would be able to mortgage his investment and take depreciation and even sell eventually. His investment would represent a hedge against inflation and remain constant with the economy. Of course, the disadvantages of ownership also go with the condominium.

Second, Graeme Elliott suggested the possibility of building in larger units, say at least 50,000 square feet per floor, in a 4 story building, or 200,000 square feet per building. With this size building substantial economies might be realized and construction costs might be lowered to \$10. a square foot. Of course, this is assumed without regard to design concept or related problems. However, this assumption serves to prove what might be necessary to bring this program into the area of sound feasibility.

Assuming, therefore, a condominium type of ownership of 50,000 square feet floors with \$10. per square foot building, an analysis of expenses might be as follows:-

Building Cost per floor	\$500,000
1st mortgage - 6% - 20 years	400,000.
Taxes @ \$.40 per square foot	\$20,000.
Heat, maintenance & insurance	
\$.50 per square foot	25,000.
Mortgage interest - 6%	24,000.
Mortgage amortization - 3%	12,000.*
Return on equity - 6% x \$100,000.	6,000.*
	<u>\$87,000.</u>

*\$18,000. represents return on equity investment and annual return of capital

\$69,000. therefore is the cash rental equivalent

\$87,000. = \$1.74 per square foot gross rental

\$69,000. = \$1.38 per square foot cash rental

Further, all items except mortgage amortization and return on equity would be tax deductible and if the corporation was in the 50% bracket, this would help realize additional favorable reductions.

It is only this type of careful analysis and creative thinking that might perhaps bring this program close to practicality.

SUMMARY OF INTERVIEW WITH DANIEL G. WHEELER,
VICE PRESIDENT OF CABOT, CABOT & FORBES CO.
December 5, 1965

It is interesting to note that Cabot, Cabot & Forbes Co., who have long been the exponents of the suburban industrial park and have successfully developed twenty-six such parks throughout the country, recently conducted their own analysis of the possibility of urban industrial parks. With the scarcity of land forcing developers further and further from central city with all the ensuing difficulties of transportation and distances, it seemed only logical to consider the possibility of locations in the urban core. Particularly should this be true in the sprawling megalopoli like New York City, Los Angeles and Chicago. In Los Angeles, for instance, the cost of urban land in the core city is relatively inexpensive. It has been by-passed in favor of suburban locations. Core city land, however, is never available in great quantities and therefore a more intense use of the land is necessary, and this can only be done by going to high-rise construction. Cabot, Cabot & Forbes found out that the best that can be done in construction cost of high-rise units is in the range of \$13. - \$15. per square foot, and this drives the rent figure up too high. But more important is the difficulty of solving the vertical transportation of goods in such units. There is no way to efficiently bring raw materials in and finished goods out when vertical transportation is necessary. Costs skyrocket and inefficiency becomes the key word. CC&F explored exterior ramps, large elevators or lifts that raise whole trucks or even freight cars, and also oversized interior elevators, but in each case cost increases were prohibitive. In Wheeler's own words, he said that "Much as we recognize the need of bringing good warehousing or light manufacturing to central city, the inherent problems and costs are too great and we have at least for the moment abandoned the idea."

C O P Y

NEW ENGLAND MERCHANTS NATIONAL BANK

January 21, 1966

Mr. David H. Bradley, President
L. Davenport Boyd, Inc.
426 Boston Post Road
Weston, Massachusetts

Dear Mr. Bradley:

We sincerely appreciate your having taken the time to discuss with us the proposed South End Industrial Park, and, in particular, to review the economics of the project and its opportunity for financial success over the long term. The feasibility of high-rise industrial buildings has been a matter of interest to developers, urban renewal authorities, and the financing institutions of several cities; accordingly, we were happy to review with you the particular prospects as they might exist in the Greater Boston area.

You have indicated to us that the proposed buildings, five in number and six stories high, would probably require a gross rent of \$2.50 per square foot and we believe this estimate to be approximately correct. The question then becomes whether or not property of this nature can be rented to tenants in large amounts in the City of Boston, and whether or not financial institutions would be willing to participate in the project?

As to the first issue, it would be our opinion that very few, if any, businesses could be found which would be willing and able to pay a gross rent of \$2.50 for space in the South End Industrial Park. A great amount of upper floor space is now for rent in older multi-tenant, multi-storied properties in the Greater Boston area with gross rents between \$.35 and \$.75 per square foot.

While admittedly the properties involved at these lower rents are not of modern construction and design, it is, nevertheless, difficult to conclude that a prospective tenant would be willing to pay rent four or five times greater merely to obtain a more modern facility. The advantages of the proposed park simply are not sufficient to warrant, from the tenant's point of view, paying \$2.50 instead of \$.35 to \$.75 per square foot. Tenants who occupy the older, lower-rent structures are for the most part unable to absorb such a dramatic rent increase and are businesses whose very economics are founded upon the ability to operate in a low-rent location.

In the City of Boston, even first floor manufacturing space is available today at \$1.00 to \$1.50 per square foot in older buildings and since there are no advantages to a tenant in moving into the upper floors of a multi-story building, we see no reason for a firm, whose operation might require first floor space, to be attracted to a new multi-story building with a higher rent.

C O P Y

NEW ENGLAND MERCHANTS NATIONAL BANK

Mr. David H. Bradley

-2-

January 21, 1966

Business firms located in the industrial park on Route 128 are not likely to be attracted to the high-rise facilities for they have chosen to be located on the outskirts to avoid the disadvantages of a downtown location, specifically, congestion, unattractive surroundings, noise, etc. While the gross rent to these firms may be approximately the same in the high-rise property as in the industrial parks, the firms have already made the decision that they are willing to forego the advantages of a centralized location in exchange for, to them, the specific advantages and attractiveness of the typical suburban industrial park. Accordingly, we find it very difficult indeed to conceive of any firm which would be willing to occupy the proposed high-rise properties on a long term basis.

As to financing of the projects by institutional lenders, we believe the difficulty, or even the impossibility, of obtaining lease commitments after its completion is so serious as to preclude the possibility of obtaining institutional financing except, of course, as leases may be signed in advance of construction; as we have noted, we think it unlikely that many such long term tenants can be found.

I do not know whether you would agree with our conclusions, but, for our part, we do sincerely believe that the project would not be successful.

Very truly yours,

Robert S. Swain, Jr. /s/

Robert S. Swain, Jr.
Assistant Vice President

RSS:pmm

C O P Y

RYAN, ELLIOTT and COMPANY, INC.
140 Federal Street, Boston 10, Massachusetts

February 16, 1966

Mr. David Bradley
L. Davenport Boyd Inc.
426 Boston Post Road
Weston, Massachusetts

Dear Dave:

The following spaces have been offered in the Boston area. They are for the most part, one floor, industrial spaces in multiple tenant buildings and the rentals quoted include taxes and heat.

Fargo Building - 451 D Street, South Boston

24,000 square feet per floor
\$0.70 to \$0.85 per square foot

1360 Commonwealth Avenue, Allston

21,000 square feet, second floor
\$1.10 per square foot

1000 Washington Street, (New York Street area)

20,000 square feet per floor
\$1.25 per square foot - whole floor

Any space in the \$0.50 square foot range would be older and not comparable. Space in the \$1.50 to \$2.00 range would be new, with one-story, on its own land or with considerable air conditioned office space. Thus, the range we are talking about runs \$0.75 to \$1.25 per square foot for existing property.

I hope this is helpful.

Very sincerely,

Graeme

/s/

Graeme Elliott

GE:ga

C O P Y

THE FIRST NATIONAL BANK OF BOSTON
Boston, Massachusetts 02106

William F. Keesler
Senior Vice President

January 13, 1965

Mr. W. Chester Browne, President
W. Chester Browne & Associates, Inc.
122-128 Arlington Street
Boston, Massachusetts 02116

Dear Mr. Browne:

Some time ago, you sent me a summary of a feasibility study on project #73962 for the B.R.A. This relates mainly to the market for multi-storied light manufacturing buildings that might be developed in the City of Boston. I apologize for not having replied earlier but due to travel schedules I have really not had sufficient time to give the matter the thought to which it is entitled. As you requested, I am now enclosing the questionnaire answered to the best of my ability based on the information furnished. I think the major factors are price per square foot for the tenant and parking space for employees. We do have instances in Boston where there is upper floor space in pretty good buildings that can be rented for considerably less than the \$2.25 per square foot mentioned in the summary. In some of these cases, one of the major problems is that there is not sufficient parking space for employees. In spite of mass transportation, it seems that more and more employees are traveling to their work by car and I have felt that we are almost reaching the time when parking is almost as necessary, in connection with an industrial building, as it is for a supermarket. Unless the space therefor is created where land is pretty cheap and taxes are low, the over-all cost to the tenant is too high-priced per square foot.

Thank you for sending to me the summary and I hope the above and my answers to the questionnaire will be of some aid to your consideration of the problem.

Sincerely yours

W. Keesler /s/

Senior Vice President

C O P Y

GREATER BOSTON
Chamber of Commerce

125 High St., Boston, Mass.

December 14, 1964

Mr. W. Chester Browne, President
Chester Browne and Associates, Inc.
122-128 Arlington Street
Boston, Massachusetts

Dear Mr. Browne:

I appreciate this opportunity to comment and answer the questionnaire on the feasibility study submitted to the Greater Boston Chamber of Commerce.

Since the advent of urban renewal in Boston, the Chamber's economic growth and industrial development programs have been concerned about the lack of attention given to the industrial location needs of the City. During the same period, industry has been displaced by the Central Artery, the Government Center, the Massachusetts Turnpike Extension and the soon-to-be Waterfront Redevelopment program. More of the same is indicated for the future with the Central Business District project. This situation has thwarted the industrial growth in the Core City.

Another interesting observation is that, in terms of numbers of electronic and research and development companies, Boston and Cambridge can claim the majority versus the cities and towns adjacent to route 128. These companies need space to move into and grow in the future, otherwise they will seek industrial park space outside these two cities.

During the past few years, some thought has been given to construct industrial and commercial facilities for specific activities such as: a graphic arts center, and a science center. In each center, special services would be offered to the companies to attract them to such centers. These particular industries are currently spread around in various locations which are within the City. This idea has many merits.

The Research and Development Department of the Chamber has had a number of industrial location situations where the company involved would prefer to remain in the city, but no suitable facilities were available.

It is interesting to note that Cambridge has set aside a 14-acre tract as a part of the NASA Center -- Kendall Square urban renewal site. The Boston Redevelopment Authority should follow a similar plan where feasible.

C O P Y

Mr. W. Chester Browne, President--2
December 14, 1964

I have taken the liberty of enclosing a department brochure describing the Chamber's industrial development program. In the conduct of the program, the Industrial Affairs Committee contacts 50 companies per month regarding their individual needs. Most of the opinions expressed are the result of these interviews during this year.

At this time, the Chamber is very interested in the problems of Boston and his holding discussions with City officials on this subject. This proposal certainly has significant merit and both the Boston Redevelopment Authority and W. Chester Browne and Associates, Inc. are to be complimented for this work.

Sincerely,

Thomas L. McGrath /s/

TLM:hmc
Enclosures

Thomas L. McGrath, Manager
Research and Development Department

INTERVIEWS AND SUMMARY OPINIONS

It is interesting to note that our own personal opinion at the start of this report was quite in favor of the practicality of this program. It seemed not only practical but quite necessary if we are to bring industry closer to the urban core. More intense use of land would be absolutely essential. The more people we consulted, however, the more we recognized the impracticality in terms of cost. Perhaps rather than impractical, it is more premature. The day will come some time when shortage of supply of good land and demand for this type of location will force users to support these prices. At the moment though, there is unanimous feeling that rents of \$2.25 to \$2.50 per square foot cannot be obtained and that it would only serve to continue to force industry to the suburbs.

Other than these interviews and letters specifically included in this report, the following prominent authorities were consulted:

Mark Wheeler, President, New England Merchants National Bank

Everett Pope, President, Workingmens Co-operative Bank

Gerald W. Blakeley, President, Cabot, Cabot & Forbes Co.

Thomas Moran, President, Meredith & Crew

Charles H. Spaulding, Executive Vice President, Cabot, Cabot & Forbes Co.

King Upton, Sr., Vice President, First National Bank of Boston

Arthur L. Moseley, Jr., Industrial Broker

John Ryan, Ryan, Elliott & Co., Inc.

William Coughlin, Ryan, Elliott & Co., Inc.

John Phillips, Vice President, Eastern Gas & Fuel

Thomas Galligan, Executive Vice President, Boston Edison Co.

Sydney Dean, former Vice President, New England Mutual
Life Insurance Co.

The summary opinion of this distinguished list is that although this is a wonderful concept the key is price per square foot, and that rents in the range necessary to support those costs are not obtainable.

